

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees – Conference Call Meeting

April 9, 2015 – 3:30 p.m.

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015 – via telephone

JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017 – via telephone

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016 – via telephone

LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016 – via telephone

ELIZABETH PEARCE, VT State Treasurer

Members absent:

VAUGHN ALTEMUS, representing Secretary of Agency of Education

Active Member Alternate Representative – vacant

Financial Regulation Representative - vacant

Also attending:

Laurie Lanphear, Director of Retirement Operations

Joshua McCormick, assistant to Kathie Kretzer

The Chairperson, Jon Harris, called the Thursday, April 9th, 2015, meeting to order at 3:31 p.m., which was held in the Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **March 12, 2015**

On motion by Ms. Pearce, seconded by Mr. Mackey, the Board voted unanimously by roll call to approve the minutes of March 12, 2015, as submitted.

ITEM 2: VSTRS Experience Study

Ms. Pearce is asking the board to approve an experience study with Buck Consolidates for the experience year that is ending 2014. This study would be used to adjust 2015 Actuarial data on funding basis. She stated that the experience study is a little behind schedule but is hoping to get done by May/June. Ms. Pearce then refreshed the board about how the experience study works, including frequency, findings, and cost. The cost of this experience study will not exceed \$25,000, which is a flat rate and it was included in the latest budget request. Ms. Pearce stated that all three retirement systems did experience study's in 2010. The treasurer's office wants all three retirement systems to do experience studies this year even thou it is not required until 2015. Ms. Pearce wants to do this study early to have the interest rate assumption up to date. There are two methods in calculating the interest rate assumption, the Select & Ultimate method and the single rate of return method. Ms. Pearce stated that VPIC and the auditors are not fond of the

Select & Ultimate method and prefer that the single rate of return method is used. The board discussed this and agreed with Ms. Pearce.

On motion by Mr. Mackey, seconded by Mr. Norris, the Board unanimously voted by roll call to the Treasurer's office to execute a contract for an experience study with Buck Consolidates.

On motion by Mr. Mackey, seconded by Mr. Norris, the Board unanimously voted by roll call to strongly favor directing the Actuary to change from Select & Ultimate method to the Single Rate of Return method to determine the interest rate assumption.

ITEM 3: Actuarial Census Data Audits

Ms. Pearce explained the new GASB 67/68 requirements to create uniform data. She then stated that the AICPA has developed rules for validating that found data at a local level. The Treasurer's office hired two law firms for this audit, Sullivan Power's & Company, and Melanson, Heath & Company. These law firms were hired due to their experience with municipalities. Ms. Pearce recommends using them again. Hourly costs range from \$40-\$220. Over a 10 year period, all entities of the municipal and teachers system will need to be audited. Ms. Pearce stated she will be meeting with VASBO tomorrow to set a time frame on when the audits can be done.

On motion by Mr. Mackey, seconded by Mr. Harris, the Board unanimously voted by roll call to give the Treasurer's office permission to engage into a contract with Sullivan Power's & Company and with Melanson, Heath & Company for doing required work for GASB 67/68 compliance.

ITEM 4: Legislative Update

Ms. Pearce stated that at this point there are no budget cuts being proposed to the retired teacher medical benefits or the Actuarially Required Contribution (ARC)

Ms. Pearce gave an overview of the miscellaneous retirement bill that was submitted. The bill was approved by the House. However, there was an amendment added to the bill to include changes in the disability retirement yearly review process for VSERS. These changes include adding income verification, pension adjustments, and re-employment rights. This miscellaneous retirement bill with the amendment has been approved by the Senate Government Operations, and will send back to the floor, and then back to the house.

ITEM 5: Any other business to come before the board

Mr. Mackey thanked Ms. Pearce for her work with the IRS determination letters.

Ms. Deliduka asked about the current number of teacher retirements set for 7/1/15. Ms. Lanphear stated that as of now, there are over 150 teacher retirement applications which is 100 more than last year at this time. Ms. Lanphear estimated that the retirement office has been receiving 20-25 estimate requests per day from teachers with a 7/1/15 retirement date.

ITEM 6: Adjournment

On motion by Ms. Pearce, seconded by Ms. Deliduka, the Board unanimously voted by roll call to adjourn at 3:57 p.m.

Next Meeting Date:

The next scheduled VSTRS meeting is an In-House meeting, May 10th, at 9:00 a.m.

Respectfully submitted,

Kathie Kretzer
Secretary to the Board